

DR JS MOROKA LOCAL MUNICIPALITY



FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30-Jun-07**

GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Councillor I M Masombuka	Executive Mayor
Councillor B R Kekana	Chairperson Administration and Human Resources Development
Councillor CL Molelemane	Chairperson Economic Development
Councillor N S Nthlailane	Chairperson Public Safety, Roads and Transport
Councillor S Legong	Chairperson Social Development
Councillor CM Mahlangu	Chairperson Planning and Infrastructure

GRADING OF LOCAL AUTHORITY

Grade 3

AUDITORS

The Auditor General

BANKERS

ABSA Bank, Marble Hall, Mpumalanga

REGISTERED OFFICE

Bongimfundo street A2601/3, Siyabuswa, 0472

ACTING MUNICIPAL MANAGER

Ms M M Mathebela

CHIEF FINANCIAL OFFICER

Mr M S Monageng

EXECUTIVE MAYOR

Ms I M Masombuka

SPEAKER

Mr S B Chilli

CHIEF WHIP

Mr B S Magoele

FOREWORD

It is my pleasure to present the Financial Statements for the year ended 30 June 2007 to Council. These financial statements were compiled in terms of the MFMA 2003 section 122 (1) (a) and they are an effort to express in monetary terms the achievements and progress made in the financial year. Most important they are an expression of the linkage between the budget and the IDP; the success of the partnership between the municipality and its communities and confirmation of the vision of the municipality that says "an effective, efficient Municipality rendering quality, sustainable services to better the lives of the people."

These statements are once more a reflection of the continuing efforts to strengthen and enhance service delivery as our major responsibility and constitutional obligation. Our contribution in assisting with the "unlocking" of wealth in communities.

One of the key documents that Municipalities base their operation on is the Integrated Development Plan. This document influences the municipal budget and plays a pivotal role in municipal planning for infrastructure development. A notable feature of the IDP is that it is heavily influenced by ordinary members of the community as they try through it, to improve their standard of life.

The financial statements on the other hand are an indication of how finances have been utilised in fulfilment of the wishes of the people. They are an indication of how funds have been spent to build tarred bus route in a village, to install water pipelines to a community that did not have water supply and to construct a market stall for people to be able to eke out a living. They are an indication of whether indeed progress has been made to change the lives of the people for a better life, or whether there is a stagnation or retrogression experienced.

They are footprints in the sands of time left by the predecessor Council whose tenure of office has left an indelible mark of service delivery in Dr JS Moroka Municipality, and serve as a strong foundation for the new, second democratic municipality for its Council term of office. They are indeed heralding a dawn for the newly elected Council. Indicating a surplus of R73 585 732 they point to the fact that there is space to do even better.

The success in compiling these financial statements would not have been achieved had it not been for the tireless efforts of the Finance Staff. It is in consequence hereof that we express appreciation and heartfelt gratitude to fellow Councillors, members of the Mayoral Committee, Acting Municipal Manager, and her staff for their loyal support, co-operation and hard work during the past financial year. It is with loyalty and dedication that the new year can be met with confidence.

CLLR I M MASOMBUKA
EXECUTIVE MAYOR

CHIEF FINANCIAL OFFICER'S R E P O R T

Introduction

The 2006/2007 financial year was the fifth year for Dr JS Moroka, since the 2000 local elections.

1. Operational Results

Details of operating results per department classification and object of expenditure are included in appendices / annexure D and E. The applicable statistics are shown in appendix F.

The overall operating results for the year ended 30 June 2006 are as follows:

Income	Actual 2005/06	Actual 2006/07	Variance	Budget	Variance Actual /
			2006/07	2006/2007	Budget 2006/2007
	R	R	%	R	%
Opening surplus	16 699 977	43 070 232	157.91%		
Operating Income for the year	80 423 130	110 420 012	37.30%	176 836 986	60.15%
TOTAL	97 123 107	153 490 245		71 559 688	

Expenditure	Actual 2005/06	Actual 2006/07	Variance	Budget	Variance Actual /
			2006/07	2006/2007	Budget 2006/2007
	R	R	%	R	%
Operating expenditure for the year	55 915 695	83 357 990	49.08%	221 440 737.00	165.65%
Sundry transfers	(1 862 821)	(3 453 478)			
Closing accumulated surplus	43 070 233	73 585 732			
TOTAL	97 123 107	153 490 245		221 440 737	

The surplus is as a result of decreased operating expenditure compared to the budgeted expenditure.

1.1 Rates & General Services

	Actual 2005/06	Actual 2006/07	Variance	Budget	Variance Actual /
			2006/07	2006/2007	Budget 2006/2007
	R	R	%	R	%
Income	71 897 046	89 863 531	24.99%	135 103 835	50.34%
Expenditure	46 736 988	65 910 278	41.02%	183 626 898	178.60%
Surplus (Deficit)	25 160 058	23 953 253	-4.80%	-48 523 063	-302.57%
Surplus (Deficit) as percentage of total income	34.99%	26.66%		-35.92%	

1.2 Economic Services

	Actual 2005/06	Actual 2006/07	Variance	Budget	Variance Actual /
			2006/07	2006/2007	Budget 2006/2007
	R	R	%	R	%
Income	2 030 244	3 781 584	86.26%	9 936 000	162.75%
Expenditure	1 882 271	8 932 829	374.58%	13 449 220	50.56%
Surplus (Deficit)	147 973	-5 151 246	-3581.20%	-3 513 220	-31.80%
Surplus (Deficit) as percentage of total income	7.29%	-136.22%		-35.36%	

1.3 Trading Services

	Actual 2005/06	Actual 2006/07	Variance	Budget	Variance Actual /
			2006/07	2006/2007	Budget 2006/2007
	R	R	%	R	%
Income	8 242 703	20 358 662	146.99%	41 163 151	102.19%
Expenditure	9 178 707	17 361 069	89.15%	37 813 839	117.81%
Surplus (Deficit)	-936 004	2 997 593	-420.25%	3 349 312	11.73%
Surplus (Deficit) as percentage of total income	-11.36%	14.72%		8.14%	

2. Capital Expenditure and Financing

The expenditure on fixed assets during the year amounted to R 27 346 267.

3. External Loans, Investments and Liquidity

On 30 June 2007 the long-term liability amounted to R 742 269 (2005/06:- R 822 203)

On 30 June 2007 investment amounted to R 72 142 453 and cash amounted to R 700.

4. Funds

On 30 June 2007 the Capital Development Fund amounted to R 2 989 849 (2005/06: - R 2 017 928).

On 30 June 2007 the Housing Trust Fund amounted to R 2 636 589 (2005/06:- R 1 388 264)

5. Acknowledgement

I thank the Acting Municipal Manager, Heads of Departments and staff for their support during the past financial year. A special word of thanks is directed to financial staff who spent sleepless nights in ensuring that these statements are produced.

S MONAGENG
MANAGER FINANCE

DR JS MOROKA LOCAL MUNICIPALITY

**CERTIFICATE OF REMUNERATION AND IN-KIND
BENEFITS OF COUNCILLORS**

I, the undersigned, am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 24, in terms of Section 124(1)(a) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and in-kind benefits as disclosed in note 12 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution and the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

Acting Municipal Manager

Date

DR JS MOROKA LOCAL MUNICIPALITY

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for the Accountants of Local Government (1992) and the Report on the Standardisation of the Financial Statements of Local Governments (4th edition, as amended).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted capital expenditure, as more fully detailed in Note 2 (two). The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual principle:
- Income is accrued when available to finance operations. Certain direct revenue is accrued when received.
 - Expenditure is accrued in the year it is incurred.

2. FIXED ASSETS

2.1 Fixed assets are stated:

At historical cost, or at valuation (based on the market price at date of acquisition), where assets have been obtained by grant or donation.

Certain fixed assets donated by the Mpumalanga Provincial Government and DWAF are reflected at a nominal value of R1 each. The values of these assets could not be determined. These assets are clearly identified in the asset register, while they are in existence and fit for use, except in the case of bulk assets, which are written off at the end of the estimated life as determined by the Treasurer.

2.2 Depreciation

The balance shown against the heading "*Loans redeemed and other capital receipts*" in the Notes to the balance sheet is tantamount to a provisions for depreciation, however, certain structural differences do exist. By way of these "*provisions*" assets are written down over their estimated life span. Apart from advances from various Council funds, assets may also be acquired through -

- appropriation from income, where the full cost of the asset forms an immediate and direct charge against operating income and therefore it is unnecessary to make any further provision for depreciation;
- grant or donation, where the amount that representing the value of such grant or donation is immediately credited to the "*Loans redeemed and other capital receipts*" account.

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ACCOUNTING POLICIES

Capital assets are financed from different sources, including external loans, operational revenue and internal advance payments. These loans and advances are repaid within the estimated life span of the assets, which are financed from such loans and advance payments. Interest at the rate that prevails at the time of granting the advance payment is debited to the relevant service .

3. FUNDS AND RESERVES

Capital Development Fund

The Capital Development Fund Ordinance, No 9 of 1978, requires a minimum contribution of 1,0% of the defined income of a Local Authority for the immediately preceding financial year,

Housing Development Fund

All proceeds received from the sale of Municipal owned land is directly accrued to the Housing Development Fund. This fund is utilised in the financing of new housing developments.

4. INVESTMENTS

Investments are reflected against lowest cost or market value if there is a continual decline in value. Investments are being done in accordance with the policy of the Council.

5. INVENTORY

Inventory is reflected at the value as determined by Management until such time that detailed information with regards to the contents of the stores could be determined and valued, which would then be reflected at the lower of cost or net realisable value.

6. COMPARATIVE FIGURES

The 2006/2007 financial year figures as reflected on the financial statements had been compared to the 2005/2006 financial year figures.

DR JS MOROKA LOCAL MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2007

<u>CAPITAL EMPLOYED</u>	<u>Notes</u>	<u>30/06/2007</u>	<u>30/06/2006</u>
FUNDS AND RESERVES			
Accumulated funds	1	2 989 849	2 017 928
Reserves			
Unappropriated Surplus	17	<u>73 585 733</u>	<u>43 070 234</u>
		76 575 582	45 088 162
TRUSTFUNDS	2	2 636 589	1 388 264
LONGTERM LIABILITIES	3	742 269	822 203
		<u>79 954 441</u>	<u>47 298 629</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	822 203	891 988
INVESTMENTS	5	72 142 453	53 142 453
LONGTERM DEBTORS	6	6 436	27 724
		<u>6 983 349</u>	<u>(6 763 536)</u>
NET CURRENT ASSETS (LIABILITIES)			
CURRENT ASSETS		21 976 872	11 868 159
Bank and Cash	22	<u>5 586 700</u>	<u>3 750</u>
Debtors	7	<u>16 290 172</u>	<u>11 764 409</u>
Inventory	8	<u>100 000</u>	<u>100 000</u>
CURRENT LIABILITIES		14 993 523	18 631 695
Bank Overdraft	22	<u>-</u>	<u>9 898 945</u>
Provisions	9	<u>1 650 484</u>	<u>1 269 516</u>
Creditors	10	<u>13 343 039</u>	<u>7 463 234</u>
		<u>79 954 441</u>	<u>47 298 629</u>

DR JS MOROKA LOCAL MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 Actual Surplus (Deficit)	SERVICE	2006/2007 Actual Income	2006/2007 Actual Expenditure	2006/2007 Actual Surplus (Deficit)	2006/2007 Budget Surplus (Deficit)
72 180 426	46 736 988	25 443 438	RATES AND GENERAL SERVICES	90 061 350	65 996 921	24 064 429	(48 523 063)
69 793 591	41 500 310	28 293 281	Community Services	85 933 542	52 772 105	33 161 437	(39 831 943)
73 211	3 354 407	(3 281 196)	Subsidised Services	148 405	4 205 344	(4 056 939)	(5 177 900)
2 030 244	1 882 271	147 973	Economical Services	3 781 584	8 932 829	(5 151 246)	(3 513 220)
283 380	-	283 380	HOUSING SERVICES	197 819	86 643	111 176	
8 242 703	9 178 707	(936 004)	TRADING SERVICES	20 358 662	17 361 069	2 997 593	3 349 312
80 423 130	55 915 695	24 507 434	TOTAL	110 420 012	83 357 990	27 062 022	(45 173 751)
	1 862 821		Appropriation for the year (refer note 17)			3 453 478	
	26 370 256		Net Surplus / (Deficit) for the year			30 515 500	
	16 699 977		Unappropriated Surplus/(Deficit) at the beginning of the year			43 070 232	
	43 070 232		Unappropriated Surplus /(Defict) at the end of the year			73 585 732	

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		30/06/2007	30/06/2006
CASH RETAINED FROM OPERATIONAL ACTIVITIES		61 886 808	76 766 701
Cash generated by operations	18	43 411 455	35 035 477
Investment income	16	5 991 369	4 173 575
(Increase) / decrease in operating capital	19	745 357	(6 126 151)
		50 148 181	33 082 901
Less: External interest paid	16	(120 996)	(130 093)
Cash available from (utilised in) operations		50 027 185	32 952 808
Cash contributions from government and public		11 859 624	43 813 893
CASH UTILISED IN INVESTING ACTIVITIES		(27 324 978)	(52 108 366)
Investment in fixed assets	C	(27 346 267)	(52 128 024)
(Increase)/ Decrease in long-term debtor		21 288	19 657
NET CASH FLOW		<u>34 561 830</u>	<u>24 658 335</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (decrease) in longterm loans	20	(79 934)	(72 381)
(Increase) / decrease in cash investments	21	(19 000 000)	(37 000 000)
(Increase) / decrease in cash	22	(15 481 896)	12 414 045
NET CASH (GENERATED) / UTILISED		<u>(34 561 829)</u>	<u>(24 658 335)</u>

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
1 STATUTORY FUNDS		
Capital Development Fund	2 989 849	2 017 928
	2 989 849	2 017 928
2 TRUST FUNDS		
Housing	2 636 589	1 388 264
	2 636 589	1 388 264
3 LONGTERM LIABILITIES		
Annuity Loans	822 203	891 988
Total outstanding	822 203	891 988
Less:- current portion transferred to current liabilities	(79 933)	(69 785)
	742 269	822 203
This loan carries interest at a rate equal to the prime lending of ABSA Bank and is secured by an investment held at ABSA to the value of R1 000 000 (See note 5)		
4 FIXED ASSETS		
Fixed assets at the beginning of the year	160 583 155	111 534 977
Fixed assets bought or received during the year	23 976 679	49 166 789
Less: Assets written off, transferred or sold during the year	(79 487)	(118 611)
Total Fixed Assets	184 480 347	160 583 155
Capital Work in progress	8 594 464	5 224 877
Work in Progress - Beginning of year	5 224 877	2 263 642
Cost contributed to Work in progress - current year	3 369 587	2 961 235
Less : Completed work transferred to Assets acquired during year	-	-
	193 074 811	165 808 032
Less: Loans redeemed and other capital income	192 252 608	164 916 043
Net Fixed Assets	822 203	891 988

(Refer to annexure C for additional information)

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
5 INVESTMENTS		
Long-Term Investment		
- First National Bank	1 142 453	1 142 453
Short-term Investments		
- ABSA Short-term deposits	23 000 000	11 000 000
- FNB Short-term deposit	9 000 000	4 000 000
- Peoples Bank Short-term deposit	7 000 000	5 000 000
- Standard Bank Short-term deposits	5 000 000	5 000 000
- Standlib Short-term deposit	27 000 000	27 000 000
	<u>71 000 000</u>	<u>52 000 000</u>
	72 142 453	53 142 453
Management valuation of investments	<u>72 142 453</u>	<u>53 142 453</u>
Profit or loss on investment transactions	NIL	NIL
Average rate of return on investments	8.31%	7.15%
Value of investments pledged as security	1 116 000	1 116 000
FNB Long-term deposit no. 62044779752 serves as guarantee for Eskom services	116 000	116 000
ABSA Short-term deposit no. 20-6040-6642 has been encumbered as security for the Loan from ABSA bank to the value of R1 000 000.	1 000 000	1 000 000
Amount of investments written-off during the year	NIL	NIL
Circular No. 8 of 1962 issued by the Provincial Legislator requires Local Authorities to invest funds, which are not required immediately with prescribed institutions and the period should be such that is will not be necessary to borrow funds against the investment at plenary rate to meet commitments.		
6 LONG TERM DEBTORS		
Vehicle loans	27 724	47 381
	<u>27 724</u>	<u>47 381</u>
Less:- Current portion transferred to current assets	(21 288)	(19 657)
	<u>6 436</u>	<u>27 724</u>
7 DEBTORS		
Consumer debtors	41 058 546	36 938 350
Sundry Debtors	584 742	82 448
Grants Spent not yet Received	1 734 623	1 624 494
Short Term Portion	21 288	19 657
VAT	400 199	-
Total current receivables	<u>43 799 398</u>	<u>38 664 949</u>
Less Provision for Bad Debts	<u>27 509 226</u>	<u>26 900 540</u>
	16 290 172	11 764 409

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
8 INVENTORY		
Inventory consist of consumables as valued by Management.	<u>100 000</u>	<u>100 000</u>
9 PROVISIONS		
Leave Provision	<u>1 650 484</u>	<u>1 269 516</u>
10 CREDITORS		
Deposits	32 489	15 800
Short-term portion of Long-term Loan	79 933	69 785
Accounts Payable	9 379 589	2 455 192
Debtors paid in advance	19 563	19 563
VAT	-	1 536 301
Grants received not yet spent	<u>3 831 465</u>	<u>3 366 593</u>
	<u>13 343 039</u>	<u>7 463 234</u>
11 PROPERTY RATES		
No assessment rates are currently levied		
12 COUNCILLORS REMUNERATION		
Salaries Mayor	283 496	179 430
Mayor's allowance	121 357	95 788
Mayoral Committee salaries and Chief Whip	1 222 826	656 690
Mayoral Committee allowance and Chief Whip	565 128	389 002
Salaries Speaker	226 797	143 554
Speaker's allowance	99 622	86 816
Councillors salaries	4 200 333	2 107 454
Councillor's allowance	2 107 092	886 465
Pension fund, Medical Aid, Group Life, Subsidies and travel contribution	887 314	847 307
	<u>9 713 964</u>	<u>5 392 506</u>

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

14 REMUNERATION OF SECTION 57 EMPLOYEES

	Municipal Manager	Chief Finance Officer	Other Section 57 Managers
Salaries	526 619	300 964	2 672 242
Performance Bonuses	-	-	-
Contributions to Pension, UIF and Medical Aid Funds	84 896	64 647	576 201
Motor and Travelling allowances	100 011	85 000	658 000
	711 526	450 611	3 906 443

15 AUDIT COSTS

	30/06/2007	30/06/2006
Audit fees paid during the year	160 850	139 324

16 FINANCING TRANSACTIONS

Total external interest received or paid:		
- Interest earned	5 991 369	4 173 575
- Interest paid	120 996	130 093
Net interest received / (paid)	5 870 373	4 303 668

Capital cost debited against the operating account

Interest		
- External	120 996	130 093
Redemption		
- External	69 785	60 688
Total	190 781	190 781

17 APPROPRIATIONS

Appropriation account		
Accumulated surplus/(deficit)at beginning of year	43 070 234	16 699 978
Operating Surplus/(Deficit) for the year	27 062 022	24 507 435
Appropriation for the year - Prior year's adjustments	3 453 478	1 862 821
Accumulated (deficit)/surplus at the end of the year	73 585 733	43 070 234

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
18 CASH GENERATED BY OPERATIONS		
Operating Surplus/(deficit) for the year	27 062 022	24 507 434
Adjustment i.r.o. of prior years' operating transactions	3 453 478	1 862 821
Appropriations charged against income	17 280 528	12 428 119
- Capital development fund	804 231	663 262
- Bad Debt Provision	608 686	3 147 550
- Other funds	380 968	303 176
- Fixed assets	15 486 643	8 314 131
Capital Charges	190 781	190 781
Interest paid:		
- External loans	120 996	130 093
Redemption		
- External loans	69 785	60 688
Investment income (operating)	(5 991 369)	(4 173 575)
Investment income (CDF)	167 690	90 395
Non-operating expenditure charged against		
- Accrued funds		
- Trust funds	1 248 325	205 676
- Provisions	-	(76 174)
	43 411 455	35 035 477

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
19 INCREASE / (DECREASE) IN OPERATING CAPITAL		
(Increase) /decrease in debtors	(5 134 448)	(4 197 922)
Increase (decrease) in creditors	5 879 806	(1 828 229)
(Increase)/decrease in Inventory	-	(100 000)
	<u>745 357</u>	<u>(6 126 151)</u>
20 INCREASE / (DECREASE) IN LONG TERM LOANS		
External Loans	(79 934)	(72 381)
	<u>(79 934)</u>	<u>(72 381)</u>
21 (INCREASE) / DECREASE IN CASH INVESTMENTS		
Investments made	(19 000 000)	(37 000 000)
	<u>(19 000 000)</u>	<u>(37 000 000)</u>
22 (INCREASE) / DECREASE OF CASH ON HAND		
Cash balance: Beginning of year	(9 895 195)	2 518 850
Less: Cash balance end of year	5 586 700	(9 895 195)
	<u>(15 481 896)</u>	<u>12 414 045</u>
23 RETIREMENT BENEFITS		
The personnel and councillors are not members of any retirement funds		
24 CAPITAL OBLIGATIONS		
None		

DR JS MOROKA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	30/06/2007	30/06/2006
25 ADDITIONAL INFORMATION IN TERMS OF SECTIONS 124 AND 125 OF THE MFMA		
A. Municipal Entities		
Under sole and shared control of the Municipality during 2005/2006	None	None
Under sole and shared control of the Municipality as at 30 June 2006	None	None
B. Contributions to Organised Local Government		
None		
C. Amounts Paid		
Audit Fees	160 850	139 324
Pension Contributions	3 170 177	3 170 177
Medical Aid Contributions	1 869 155	1 869 155
	<u>5 200 182</u>	<u>5 178 656</u>
D. Bank Accounts		
Absa Bank Marble Hall: Cheque Account no 405 2853972		
Balance at beginning of year	(9 898 945)	2 518 850
Balance at end of year	5 586 700	(9 898 945)
E. Material Losses, Irregular, Fruitless, Wasteful or Unauthorised Expenditure		
None that management is aware of		
F. Criminal or Disciplinary Steps taken as a result of the above		
None		
G. Material Losses Recovered or Written Off		
None		
H. Any Contingent Liabilities as at the End of the Year		
The Municipality is being held liable by Ikangala Water in respect of the Bulk Water Account. Council is contesting this claim on legal grounds. Should Council be unsuccessful in defending the claim, the Municipality will be liable for R228 515 152	<u>228 515 152</u>	<u>228 515 152</u>
I. None-compliance with the Municipal Finance Management Act, Act no 56 of 2003		
None that management is aware of		

DR JS MOROKA LOCAL MUNICIPALITY

APPENDIX A: ACCRUED FUNDS, RESERVES, TURST FUNDS AND PROVISIONS

	BALANCE 30/06/2006	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENT	OTHER	EXPENDITURE DURING THE YEAR	BALANCE 30/06/2007
ACCUMMULATED FUNDS						
Capital Development Fund	2 017 928	804 231	167 690			2 989 849
						-
	2 017 928	804 231	167 690	-	-	2 989 849
TRUST FUNDS						
Housing Development Fund	1 388 264	1 248 325				2 636 589
	1 388 264	1 248 325	-	-	-	2 636 589
PROVISIONS						
Leave payments	1 269 516	380 968			-	1 650 484
Bad debts	26 900 539	608 686				27 509 225
	28 170 055	989 654	-	-	-	29 159 709

DR JS MOROKA LOCAL MUNICIPALITY

APPENDIX B: EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	BALANCE 30/06/2006	RECEIVED DURING YEAR	PAYMENTS DURING YEAR	BALANCE 30/06/2007
Annuity Loans ABSA @ 14.05% Government Loans	891 988	-	(69 785)	822 203
Less:- Current portion transferred to current liabilities	(69 785)			(79 933)
	822 203			742 269

DR JS MOROKA LOCAL MUNICIPALITY

APPENDIX C: ANALYSIS OF FIXED ASSETS

EXPENDITURE 2005/2006	SERVICE	BALANCE ON 30/06/2006	EXPENDITURE 2006/2007	WRITTEN OFF, TRANSFERRED OR DISPOSED 2006/2007	BALANCE ON 2006/2007
36 008 516	RATES AND GENERAL SERVICE	109 965 780	25 644 499	79 487	135 530 792
21 444 385	Community Services	88 552 322	18 100 336	79 487	106 573 171
4 565 863	Council General	34 439 944	780 116	79 487	35 140 573
64 557	Street Lightning	1 317 091	7 500	-	1 324 591
13 852 730	Roads & Stormwater	47 570 410	13 943 133	-	61 513 544
2 961 235	Buildings- Capital Works in progress	5 224 877	3 369 587	-	8 594 464
108 428	Subsidised Services	5 743 541	733 810	-	6 477 350
108 428	Municipal Buildings	5 743 541	733 810	-	6 477 350
		-			-
14 455 703	Economical Services	15 669 918	6 810 353	-	22 480 271
14 455 703	Sanitation	14 455 703	6 810 353		21 266 056
-	Vacuum Tank	1 214 215	-	-	1 214 215
	HOUSING SERVICES				
-	Housing Sub Economic	-	-	-	-
16 119 508	TRADING SERVICES	55 842 251	1 701 768	-	57 544 019
-	Electricity	1 538 329	-	-	1 538 329
16 119 508	Water	54 303 922	1 701 768	-	56 005 690
52 128 024	TOTAL FIXED ASSETS	165 808 032	27 346 267	79 487	193 074 811
87 083 789	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPT	164 916 043	27 416 052	79 487	192 252 608
60 688	External Loans Redeemed	113 464	69 785	-	183 249
43 209 209	Contribution from Income	22 009 792	15 486 643	79 487	37 416 948
43 813 893	Contribution from Grants & donations	142 792 787	11 859 623	-	154 652 411
(34 955 765)	NET FIXED ASSETS	891 988	(69 785)	-	822 203

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APPENDIX D: ANALYSIS OF OPERATING INCOME AND EXPENDITURE

ACTUAL 30/06/2006		ACTUAL 30/06/2007	BUDGET 30/06/2007
	REVENUE		
933 590	Sundry Income	1 152 967	1 344 000
70 564 924	Grants and Subsidies	94 119 993	109 109 986
922 611	Rental	1 237 174	1 420 000
3 828 430	Revenue from Tariffs, Service Levies etc.	7 918 509	7 570 000
4 173 575	Interest Earned	5 991 369	3 543 000
80 423 130		110 420 012	122 986 986
	EXPENDITURE		
18 867 902	Salaries and Subsidies	27 325 710	42 392 115
20 648 169	General Expenditure	33 168 952	60 427 509
3 780 724	Repairs and Maintenance	5 392 020	10 086 700
190 781	Capital Costs	190 781	2 192 000
8 314 131	Contribution to Fixed Assets	15 486 643	60 962 413
663 262	Contribution CDF	804 231	100 000
3 450 726	Contribution provisions	989 654	5 280 000
55 915 695	Gross Expenditure	83 357 990	181 440 737

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APPENDIX E: DETAILED INCOME STATEMENT

2005/2006 ACTUAL INCOME	2005/2006 ACTUAL EXPENDITURE	2005/2006 ACTUAL SURPLUS (DEFICIT)	SERVICE	2006/2007 ACTUAL INCOME	2006/2007 ACTUAL EXPENDITURE	2006/2007 ACTUAL SURPLUS (DEFICIT)	2006/2007 BUDGET SURPLUS (DEFICIT)
71 897 046	46 736 988	25 160 058	RATES AND GENERAL SERVICES	89 863 531	65 910 278	23 953 253	(48 523 063)
69 793 591	41 500 310	28 293 281	Community Services	85 933 542	52 772 105	33 161 437	(39 831 943)
68 397 133	22 727 519	45 669 613	Councils General	85 917 905	35 728 957	50 188 948	22 878 008
-	3 966 027	(3 966 027)	Town Clerks	-	3 807 323	(3 807 323)	(7 991 715)
-	3 210 166	(3 210 166)	Treasury	-	3 896 435	(3 896 435)	(6 751 100)
1 396 458	11 596 597	(10 200 139)	Public Works	15 637	9 339 390	(9 323 753)	(47 967 136)
73 211	3 354 407	(3 281 196)	Subsidised Services	148 405	4 205 344	(4 056 939)	(5 177 900)
23 360	31 487	(8 127)	Cemetery	41 022	4 410	36 612	-
49 851	3 322 920	(3 273 069)	Hall/Offices	107 384	4 200 934	(4 093 550)	(5 177 900)
2 030 244	1 882 271	147 973	Economical Services	3 781 584	8 932 829	(5 151 246)	(3 513 220)
997 760	1 108 553	(110 793)	Cleansing	1 865 640	3 928 599	(2 062 960)	(858 260)
1 032 484	773 718	258 766	Sewerage	1 915 944	5 004 230	(3 088 286)	(2 654 960)
283 380	-	283 380	HOUSING SERVICES	197 819	86 643	111 176	570 000
8 242 703	9 178 707	(936 004)	TRADING SERVICES	20 358 662	17 361 069	2 997 593	3 349 312
-	91 092	(91 092)	Electricity	-	132 327	(132 327)	-
8 242 703	9 087 616	(844 912)	Water	20 358 662	17 228 743	3 129 920	3 349 312
80 423 130	55 915 695	24 507 434	TOTAL	110 420 012	83 357 990	27 062 022	(44 603 751)
		1 862 821	Appropriation for the year (refer note 17)			3 453 478	
		26 370 256	Net Surplus/(Deficit) For The Year			30 515 500	
		16 699 977	Unappropriated surplus/(deficit) at the beginning of the year			43 070 232	
		43 070 232	Unappropriated Surplus/(Deficit) at the end of the year			73 585 732	

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APPENDIX F : STATISTICAL INFORMATION

		2006/2007
a) General statistics		
i) Population		243 304.00
ii) Surface area in hectares		156 357.00
iii) Valuation of "taxable" and "non-taxable" properties, including the valuation date (2/1/99)		
iv) Valuation of residential & commercial properties (Stands)		
v) Valuation of industrial, agriculture & other properties		
vi) Total residential & commercial properties (stands)		58 788.00
vii) Total industrial, agriculture & other properties (stands)		
viii) Property tax rate: Cent in Rand (Net)	Site Value	
Property tax rate: Cent in Rand (Net)	Improvement	0
ix) Number of employees at local authority		207
b) Electricity statistics		
i) Number of consumers (residential & commercial)		226 273.00
ii) Units purchased (kwh)		Eskom
iii) Units sold		Eskom
iv) Units lost in distribution (ii - iii)		Eskom
v) Units lost in distribution % of (ii)		Eskom
vi) Cost per unit purchased (cents)		Eskom
vii) Loss in distribution (Rand)		Eskom
viii) Cost per unit sold (operating exp, iii)		Eskom
ix) Revenue per unit sold (operating inc, iii)		Eskom
c) Water statistics		
i) Number of consumers (residential & commercial)		58 788.00
ii) Units purified - Kilolitre		18600000 kl/yr
iii) Units sold (KL)		
iv) Units lost in distribution (ii - iii)		1860000 kl/yr
v) Units lost in distribution % of (ii)		10%
vi) Cost per kilolitre purified (sent / cent)		
vii) Lost in distribution (Rand)		

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APPENDIX F : STATISTICAL INFORMATION

viii) Cost per unit sold (operating exp, iii)	
ix) Revenue per unit sold (operating income, iii)	